(d) what type of financial operation is proposed to be undertaken by International Finance Corporation in the country and in what ways the country is likely to be benefitted?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) to (d) Government of India had conveyed their permission to International Finance Corpportion, Washinghton for expansion of its existing mission in India which is a part of the World Bank Office. This will enable IFC(W) to undertake further investment and faster project processing in response to the needs of its clients. The increased intaraction between Indian businessmen and IFC, and the expeditious processing of their proposals will increase IFC investment in India.

Nationalised Bank schemes for promoting agriculture in Orissa

2658. SHRI JAGADISH JANI: Will the Minister of FINANCE be pleased to state:

(a) whether the Nationalised Commercial Banks have been advised by Government to implement schemes to promote the growth of rural areas and agriculture; and

(b) if so, the various steps taken by different commercial banks to develop agriculture in Orissa during the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) and (b) Agriculture is one of the major segments of 'Priority Sector'. Public Sector Banks have been asked to raise the proportion of their credit to priority sector to 40% of their total advances. Direct Finance extended to agriculture (including allied activities) are to reach 18% of their total credit and the advances to weaker section, which includes small and marginal farmers and landless cultivators and artisans, are to reach a level of 10% of their total credit or 25% of the priority sector advances. The farmers all over the country including State of Orissa are provided loans by public sector banks for agricultural and allied activities undertaken by them on their own or through any schemes framed by Government in this regard. The financing of such activities by the credit institutions is a part of their normal lending operations on a continued basis.

The amount of loans and advances disbursed for direct agriculture including allied activities by all scheduled commercial banks during the past three years ended June 1989 (latest available) in the State of Orissa is as follows:

	No. of A/cs	Rs. crores
June 1987	152736	58.2
June 1988	171770	63.5
June 1989	177151	81.1

As can be seen from the above the number of beneficiaries and the amount of advances granted for direct agriculture has shown an increasing trend.

A number of steps have been taken with a view to increase flow of credit to farmers, particularly small and marginal farmers. The important ones are:

1. The interest on crop loans upto Rs. 7,500/- is kept low at 11.5% p.a.
2. Term loans upto Rs. 2 lakhs are provided at concessional rates.
3. In the case of crop loans availed of by small and marginal farmers, the interest debited is not to exceed the principal amount.
4. In the case of crop failure, amount due should be rescheduled over a period of 3 to 5 years and fresh loans should be given to farmers.
5. No third party guarantee or collateral security is to be insisted upon for loans upto Rs. 10,000/-.
6. There should be no compounding of interest on current dues in agriculture sector.
7. No margin is required for agricultur-

al loans upto Rs. 10,000 for both short-term, medium/long term loans.

8. Banks have been advised that for both short term and term loans, the repayment schedule should coincide with the time when the cultivator has sold his produce and is in funds.

9. Delegation of appropriate sanctioning powers to the rural Branch Managers so that majority of loan applications are sanctioned at branch level itself.

The overall position with regard to performance of Public Sector Banks in the matter of lending to Priority Sector, including agriculture is also reviewed periodically. Whenever any deficiencies are noticed during reviews the same are looked into for necessary remedial action. The performance is also reviewed periodically at State Level Bankers' Committee meetings.

Changes in Financing Policy

2659. SHRI JAGDISH JANI: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to bring about changes in the country's finance policy;

(b) if so, what are the details thereof; and

(c) by when the said changes will be made effective?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) to (c) The financing policy is reviewed from time to time in the light of resources position and socio-economic priorities of the country. Further policy changes are expected to be taken as and when demanded by emerging economic trends.

2660. *[Transferred to the 20th December, 1991]*

Payment of arrears to Regional Rural Bank Staff

2661. SHRI SAMAR MUKHERJEE: Will the Minister of FINANCE be pleased to state:

(a) by when Government are going to pay the arrears to Regional Rural Bank Staff as per Tribunal Award of 30th April, 1990;

(b) whether Government are having any proposal to restructure the Regional Rural Banks; and

(c) if so, by when and the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) Government's orders allowing sponsor bank pay scales to the employees of Regional Rural Banks (RRBs) have been issued on 22nd February, 1991. The Regional Rural Banks have been advised to pay arrears of pay and allowances consequent to the refixation of pay in the new pay scales *w.e.f.* 1.1.91. The total financial implications of payment of arrears for the period prior to 1.1.1991 has been estimated at about Rs. 200 crores. Since Regional Rural Banks do not have funds of this order to make the payments, the mechanism for the payment of arrears is being worked out by National Bank for Agriculture & Rural Development, Reserve Bank of India and Govt.

(b) and (c) A High Level Committee set up by the Government was asked to examine all aspects relating to the structure, organisation, functions and procedure of the financial system. The Committee has submitted its report to the Government on 20.11.91. No decision has been taken on the Committees recommendations.